



Sandwell and West Birmingham
NHS Trust

REPORT TITLE:	Month 10 Finance Report		
SPONSORING EXECUTIVE:	Simon Sheppard – Acting Chief Finance Officer		
REPORT AUTHOR:	Simon Sheppard – Acting Chief Finance Officer Paul Stanaway – Associate Director of Finance		
MEETING:	Public Trust Board	DATE:	13 March 2024

1. Suggested discussion points <i>[two or three issues you consider Trust Board should focus on in discussion]</i>
<ol style="list-style-type: none"> Plan for 2023/24 was a deficit of £18.8m. Year to date actual deficit £23.3m which is £6.1m adverse to plan. Revised forecast (post new funding but assuming no income for MMUH costs) is a £28.9m deficit inclusive of the costs and income loss as a consequence of industrial action in December and January 2024. Recurrent CIP position is below plan after review of executive led schemes. Workshop held with groups to convert non-recurrent CIP (mainly vacancies) to recurrent with a target of 4% recurrent CIP delivery to carry in to 2024/25. This will also assist with planning and setting realistic budgets with credible workforce plans. Capital expenditure continues to be under plan, however, the Trust is forecasting to spend its allocation in full in 2023/24. Cash balances are just under £59m at the end of Month 10. (to the 31 January 2024)

2. Alignment to our Vision <i>[indicate with an 'X' which Strategic Objective[s] this paper supports]</i>										
<table border="1"> <thead> <tr> <th>OUR PATIENTS</th> <th></th> <th>OUR PEOPLE</th> <th></th> <th>OUR POPULATION</th> </tr> </thead> <tbody> <tr> <td>To be good or outstanding in everything that we do</td> <td>X</td> <td>To cultivate and sustain happy, productive, and engaged staff</td> <td></td> <td>To work seamlessly with our partners to improve lives</td> </tr> </tbody> </table>	OUR PATIENTS		OUR PEOPLE		OUR POPULATION	To be good or outstanding in everything that we do	X	To cultivate and sustain happy, productive, and engaged staff		To work seamlessly with our partners to improve lives
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3. Previous consideration <i>[at which meeting[s] has this paper/matter been previously discussed?]</i>
Performance Management Group; Trust Management Committee, Finance & Productivity Committee

4. Recommendation(s)					
The Public Trust Board is asked to:					
a. RECEIVE the Month 10 report, with particular focus on the year end forecast.					
5. Impact <i>[indicate with an 'X' which governance initiatives this matter relates to and, where shown, elaborate in the paper]</i>					
Board Assurance Framework Risk 01		Deliver safe, high-quality care.			
Board Assurance Framework Risk 02	X	Make best strategic use of its resources			
Board Assurance Framework Risk 03	X	Deliver the MMUH benefits case			
Board Assurance Framework Risk 04	X	Recruit, retain, train, and develop an engaged and effective workforce			
Board Assurance Framework Risk 05		Deliver on its ambitions as an integrated care organisation			
Corporate Risk Register <small>[Safeguard Risk Nos]</small>		4994 – 5003; 4572			
Equality Impact Assessment	Is this required?	Y	N	x	If 'Y' date completed
Quality Impact Assessment	Is this required?	Y	N	x	If 'Y' date completed

SANDWELL AND WEST BIRMINGHAM NHS TRUST

Report to the Public Trust Board on 13th March 2024

Month 10 Finance Report

1. Introduction

1.1 The Trust submitted a plan at the beginning of May, a deficit of £18.8m, requiring a significant improvement from initial plan submissions.

1.2 The Trust has been off this plan all year due to excess inflation (an identified risk in the plan), MMUH acute clinical model costs (income assumed in the plan and not realised) and the costs of industrial action (IA) (not assumed in the plan).

1.3 A review of the above assumptions took place during November and additional funding was released by NHS England (NHSE) to mitigate the impact of IA (£5.4). The report will brief the Trust Board on:

- Financial Performance to 31 January 2024 (month 10)
- Financial Efficiency
- Capital and Cash
- Year-end forecast

2. Month 10 Headlines

2.1 The monthly performance against the monthly plan and the cumulative trajectories are shown in the table below:



2.2 The main drivers of the adverse position year to date are reflected in the following chart but can be summarised as:

- MMUH workforce costs with no income source (£8.1m)
- Excess inflation costs, (£5.4m)
- Net cost of industrial action, (£1.6m)

The above adverse positions have been offset to some extent by additional interest receivable income, £2.1m, a net improvement of £4.4m covering CIPs/Group positions, and £3.3m through activity.

3. Financial Efficiency

3.1 The journey to the May 2023 planning submission saw the Trust agree to £84.4m worth of financial risk in the plan. The key themes and initial RAG rating is shown below:

	Plan	
	£m	RAG
CIP	30.0	Red
ICB stretch (share of £41m)	7.6	Red
Further stretch	6.5	Red
Share of Acute Provider Gap (£8.2m)	2.1	Red
Pay stretch	7.0	Green
	53.2	
Balance Sheet	5.0	Yellow
Other	4.6	Yellow
Excess inflation	7.0	Red
MMUH assumed income to cover costs	14.6	Red
	31.2	
	84.4	Red

3.2 The table below shows the 6 workstreams, and their variance against the NHSE plan as at the end of the 2023/24 financial year. Whilst £50.7m (7%) is an excellent performance against the overall cost improvement programme (CIP) challenge the forecast is currently £2.5m short of the very stretching plan. The risks of MMUH and excess inflation remain and will be an adverse factor to the underlying financial position if not resolved.

Financial Plan Schemes	Forecast Outturn		
	Plan £000s	Actual £000s	Variance £000s
CIP /Workforce Stretch	37,026	38,504	1,478
Executive Led Schemes	16,125	3,000	(13,125)
Central	0	9,155	9,155
Sub total	53,151	50,659	(2,492)
MMUH	14,600	4,900	(9,700)
Core Balance Sheet	9,650	9,651	1
Excess Inflation	7,000	0	(7,000)
Total	84,401	65,211	(19,190)

- 3.3 As well as the in-year performance the recurrent position is a vital aspect for 2024/25 planning. The Trust is committed to delivering 4% (£30m) of the 2023/24 CIP target recurrently.
- 3.4 Our recurrent CIP delivery underperformance will be mitigated by converting non-recurrent CIP to recurrent and by permanently removing vacancies that cannot be recruited to. This is aligned to the 2024/25 operational planning assumption of flat workforce in 2024/25.

4 Capital and Cash

- 4.1 The capital programme, in essence, is split into two – operational capital with an annual budget £19.7m (£16.3m year to date), and the strategic capital (mainly relating to MMUH). Performance in month and year to date are shown in Annex 1.
- 4.2 Despite the under-performance year to date the Trust is confident the full allocations will be spent by the 31 March 2024 following a review through the Capital Management Group.
- 4.3 The cash position at the end of January is £58.48m. However, the forecast position by the 31 March 2024 sees the cash balance fall to £29m. This position reflects the revised Income & Expenditure forecast deficit.
- 4.4 A key aspect of the 2024/25 financial plan will be to agree a realistic cash balance trajectory through the financial year.

5 Year End forecast

- 5.1 The Trust Board will be aware that the Trust has been working as part of the Black Country Integrated System to address the significant financial pressures within the system that were driving a significant adverse variance from the financial plan. As part of this, the Trust has signed off an outturn deficit position of £27.2m at the Trust Board in January 2024.
- 5.2 At the time of approval this £27.2m excluded the costs/loss of income associated with industrial action in December and January as per national guidance. This have now been confirmed resulting in a revised year end forecast of £28.9m.
- 5.3 The £28.9m forecast deficit reflects an adverse position to the £18.8m deficit plan of £10.1m. This adverse variance of £10.1m can simply be explained by the workforce costs of the MMUH clinical model in 2023/24.
- 5.4 The year end forecast is profiled monthly with performance monitored by the Performance Management Group and the Finance & Productivity Committee. At the end of M10 (to 31 January 2024) the financial position is favourable by £0.2m against the revised trajectory.
- 5.5 The key risks to the delivery of the year end forecast, of which there are mitigating actions and / or contingencies are:
- The financial consequences of the winter plan
 - Elective recovery performance
 - Efficiencies

6 Recommendations

6.1 The Public Trust Board is asked to:

- a. **RECEIVE** the Month 10 report, with particular focus on delivery of the year forecast position.



















Simon Sheppard – Acting Chief Finance Officer

Paul Stanaway - Associate Director of Finance

21 February 2024

Annex 1 – Key Financial Headlines

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	In Month Plan £ms	In Month Actual £ms	In Month Variance £ms	YTD Plan £ms	YTD Actual £ms	YTD Variance £ms
 I&E Performance	(1.30)	(3.01)	 (1.72)	(17.22)	(23.33)	 (6.11)
 NHSI Agency Ceiling	1.03	1.60	 (0.57)	10.71	14.14	 (3.43)
 Efficiency & Recovery Programme*	5.30	5.13	 (0.18)	45.41	43.88	 (1.53)
 Capital Expenditure (ICB Allocation)	1.63	1.29	 0.34	16.28	8.42	 7.86
 Capital Expenditure (Other)	0.74	1.17	 (0.42)	34.54	35.00	 (0.46)
 Cash Balance	20.08	58.48	 38.40	20.08	58.48	 38.40

* Efficiency & Recovery Programme includes the £30m Efficiency Plan, £7m pay stretch and £16.2m FRP